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1                           A bill to be entitled  
2     An act relating to rural health care; amending s.  
3     381.0405, F.S.; revising the purpose and functions of the  
4     Office of Rural Health in the Department of Health;  
5     requiring the Secretary of Health and the Secretary of  
6     Health Care Administration to appoint an advisory council  
7     to advise the office; providing for terms of office of the  
8     members of the advisory council; authorizing per diem and  
9     travel reimbursement for members of the advisory council;  
10    amending s. 381.0406, F.S.; revising legislative findings  
11    and intent with respect to rural health networks; revising  
12    the definition of "rural health network"; providing  
13    additional functions of and requirements for membership in  
14    rural health networks; requiring rural health networks to  
15    submit rural health infrastructure development plans to  
16    the office by a specified date; revising provisions  
17    relating to the governance and organization of rural  
18    health networks; revising the services to be provided by  
19    provider members of rural health networks; requiring  
20    coordination among rural health networks and area health  
21    education centers, health planning councils, and regional  
22    education consortia; establishing a grant program for  
23    funding rural health networks; defining projects that may  
24    be funded through the grant program; requiring the  
25    department to establish rules governing rural health  
26    network grant programs and performance standards; amending  
27    s. 395.602, F.S.; defining "critical access hospital";  
28    revising and deleting definitions; amending s. 395.603,  
29    F.S.; deleting a requirement that the Agency for Health

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Care Administration adopt a rule relating to deactivation of rural hospital beds under certain circumstances; requiring that rural critical access hospitals maintain a certain number of actively licensed beds; amending s. 395.604, F.S.; removing emergency care hospitals and essential access community hospitals from certain licensure requirements; specifying certain special conditions for rural primary care hospitals; amending s. 395.6061, F.S.; specifying the purpose of the rural hospital capital improvement grant program; providing for grant management by the agency; modifying the conditions for receiving a grant; deleting a requirement for a minimum grant for every rural hospital; creating s. 395.6063, F.S.; establishing an assistance program within the agency for financially distressed rural and critical access hospitals; providing purpose of the program; providing requirements for receiving assistance; requiring the agency to adopt rules; requiring a participation agreement and providing for contents thereof; amending s. 408.05, F.S.; establishing the Rural Provider Service Network Development Program; providing purposes and responsibilities; establishing a development grant program; providing eligibility requirements; authorizing preferential funding to certain providers; requiring the agency to adopt rules; amending s. 409.908, F.S.; requiring the agency to pay certain physicians a bonus for Medicaid physician services provided within a rural county; amending ss. 408.07, 409.9116, and 1009.65, F.S.; conforming cross-references; repealing s. 395.605, F.S.,

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relating to the licensure of emergency care hospitals;  
providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 381.0405, Florida Statutes, is amended  
to read:

381.0405 Office of Rural Health.--

(1) ESTABLISHMENT.--The Department of Health shall  
establish an Office of Rural Health, which shall assist rural  
health care providers in improving the health status and health  
care of rural residents of this state and assist rural health  
care providers in integrating their efforts. The Office of Rural  
Health shall coordinate its activities with rural health networks  
established under s. 381.0406, local health councils established  
under s. 408.033, the area health education center network  
established under ~~pursuant to~~ s. 381.0402, and ~~with~~ any  
appropriate research and policy development centers within  
universities that have state-approved medical schools. The Office  
of Rural Health may enter into a formal relationship with any  
center that designates the office as an affiliate of the center.

(2) PURPOSE.--The Office of Rural Health shall actively  
foster the provision of high-quality health care services in  
rural areas and serve as a catalyst for improved health services  
to residents ~~citizens~~ in rural areas of the state.

(3) GENERAL FUNCTIONS.--The office shall:

(a) Integrate policies related to physician workforce,  
hospitals, public health, and state regulatory functions.

(b) Work with rural stakeholders in order to foster the

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development of strategic planning that addresses ~~Propose~~  
~~solutions to~~ problems affecting health care delivery in rural  
areas.

(c) Foster the expansion of rural health network service  
areas to include rural counties that are not served by a rural  
health network.

(d)~~(e)~~ Seek grant funds from foundations and the Federal  
Government.

(e) Administer state grant programs for rural health  
networks.

(4) COORDINATION.--The office shall:

(a) Identify federal and state rural health programs and  
provide information and technical assistance to rural providers  
regarding participation in such programs.

(b) Act as a clearinghouse for collecting and disseminating  
information on rural health care issues, research findings on  
rural health care, and innovative approaches to the delivery of  
health care in rural areas.

(c) Foster the creation of regional health care systems  
that promote cooperation, ~~rather than competition~~.

(d) Coordinate the department's rural health care  
activities, programs, and policies.

(e) Design initiatives to improve access to primary, acute,  
and emergency medical services and promote the coordination of  
such services in rural areas.

(f) Assume responsibility for state coordination of ~~the~~  
~~Rural Hospital Transition Grant Program, the Essential Access~~  
~~Community Hospital Program, and other~~ federal rural health care  
grant programs.

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117 (5) TECHNICAL ASSISTANCE.--The office shall:

118 (a) Assist ~~Help~~ rural health care providers in recruiting  
119 ~~obtain~~ health care practitioners by promoting the location and  
120 relocation of health care practitioners in rural areas and  
121 promoting policies that create incentives for practitioners to  
122 serve in rural areas.

123 (b) Provide technical assistance to hospitals, community  
124 and migrant health centers, and other health care providers that  
125 serve residents in rural areas.

126 (c) Assist with the design of strategies to improve health  
127 care workforce recruitment and placement programs.

128 (d) Provide technical assistance to rural health networks  
129 in the formulation of their rural health infrastructure  
130 development plans.

131 (e) Provide links to best practices and other technical  
132 assistance resources on the office's Internet website.

133 (6) ADVISORY COUNCIL.--The Secretary of Health and the  
134 Secretary of Health Care Administration shall each appoint no  
135 more than five members with relevant health care operations  
136 management, practice, and policy experience to an advisory  
137 council to advise the office regarding its responsibilities under  
138 this section and ss. 381.0406, 395.6061, and 395.6063. Members  
139 must be appointed for 4-year staggered terms and may be  
140 reappointed to a second term of office. Members shall serve  
141 without compensation but are entitled to reimbursement for per  
142 diem and travel expenses as provided in s. 112.061. The council  
143 may appoint technical advisory teams as needed. The department  
144 shall provide staff and other administrative assistance  
145 reasonably necessary to assist the advisory council in carrying

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146 out its duties.

147 (7)~~(6)~~ RESEARCH PUBLICATIONS AND SPECIAL STUDIES.--The  
148 office shall:

149 (a) Conduct policy and research studies.

150 (b) Conduct health status studies of rural residents.

151 (c) Collect relevant data on rural health care issues for  
152 use in department policy development.

153 (8)~~(7)~~ APPROPRIATION.--The Legislature shall appropriate  
154 such sums as are necessary to support the Office of Rural Health.

155 Section 2. Section 381.0406, Florida Statutes, is amended  
156 to read:

157 381.0406 Rural health networks.--

158 (1) LEGISLATIVE FINDINGS AND INTENT.--

159 (a) The Legislature finds that, in rural areas, access to  
160 health care is limited and the quality of health care is  
161 negatively affected by inadequate financing, difficulty in  
162 recruiting and retaining skilled health professionals, and the  
163 ~~because of a~~ migration of patients to urban areas for general  
164 acute care and specialty services.

165 (b) The Legislature further finds that the efficient and  
166 effective delivery of health care services in rural areas  
167 requires:

168 1. The integration of public and private resources.

169 2. The adoption of quality improvement and cost-  
170 effectiveness measures. ~~and~~

171 3. The coordination of health care providers.

172 (c) The Legislature further finds that the availability of  
173 a continuum of quality health care services, including  
174 preventive, primary, secondary, tertiary, and long-term care, is

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175 essential to the economic and social vitality of rural  
176 communities.

177 (d) The Legislature further finds that health care  
178 providers in rural areas are not prepared for market changes such  
179 as the introduction of managed care and capitation reimbursement  
180 methodologies into health care services.

181 (e)~~(d)~~ The Legislature further finds that the creation of  
182 rural health networks can help to alleviate these problems. Rural  
183 health networks shall act in the broad public interest and, to  
184 the extent possible, seek to improve the accessibility, quality,  
185 and cost-effectiveness of rural health care by planning and  
186 coordinating ~~be structured to provide~~ a continuum of quality  
187 health care services for rural residents through the cooperative  
188 efforts of rural health network members and other health care  
189 providers.

190 ~~(e) The Legislature further finds that rural health~~  
191 ~~networks shall have the goal of increasing the utilization of~~  
192 ~~statutory rural hospitals for appropriate health care services~~  
193 ~~whenever feasible, which shall help to ensure their survival and~~  
194 ~~thereby support the economy and protect the health and safety of~~  
195 ~~rural residents.~~

196 (f) Finally, the Legislature finds that rural health  
197 networks may serve as "laboratories" to determine the best way of  
198 organizing rural health services, to move the state closer to  
199 ensuring that everyone has access to health care, and to promote  
200 cost containment efforts. The ultimate goal of rural health  
201 networks shall be to ensure that quality health care is available  
202 and efficiently delivered to all persons in rural areas.

203 (2) DEFINITIONS.--

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(a) "Rural" means an area with a population density of fewer ~~less~~ than 100 individuals per square mile or an area defined by the most recent United States Census as rural.

(b) "Health care provider" means any individual, group, or entity, public or private, that provides health care, including+ preventive health care, primary health care, secondary and tertiary health care, in-hospital health care, public health care, and health promotion and education.

(c) "Rural health network" or "network" means a nonprofit legal entity whose principal place of business is in a rural county, whose members consist ~~consisting~~ of rural and urban health care providers and others, and that is established ~~organized~~ to plan the delivery of ~~and deliver~~ health care services on a cooperative basis in a rural area, ~~except for some secondary and tertiary care services.~~

(3) NETWORK MEMBERSHIP.--

(a) Because each rural area is unique, with a different health care provider mix, health care provider membership may vary, but all networks shall include members that provide public health care, comprehensive primary care, emergency medical care, and acute inpatient care.

(b) Federally qualified health centers, emergency medical services providers, and county health departments are expected to participate in rural health networks in the areas in which their patients reside or receive services.

~~(4) Network membership shall be available to all health care providers, provided that they render care to all patients referred to them from other network members, comply with network quality assurance and risk management requirements, abide by the~~



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~~terms and conditions of network provider agreements in paragraph (11) (c), and provide services at a rate or price equal to the rate or price negotiated by the network.~~

(4)-(5) NETWORK SERVICE AREAS.--Network service areas are ~~do~~ not required ~~need~~ to conform to local political boundaries or state administrative district boundaries. The geographic area of one rural health network, however, may not overlap the territory of any other rural health network.

(5)-(6) NETWORK FUNCTIONS.--Networks shall:

(a) Seek to develop linkages with ~~provisions for referral to~~ tertiary inpatient care, specialty physician care, and ~~to~~ other services that are not available in rural service areas.

(b)-(7) Seek to ~~Networks shall~~ make ~~available~~ health promotion, disease prevention, and primary care services accessible to all residents in order to improve the health status of rural residents and to contain health care costs.

~~(8) Networks may have multiple points of entry, such as through private physicians, community health centers, county health departments, certified rural health clinics, hospitals, or other providers; or they may have a single point of entry.~~

(c)-(9) Encourage members through training and educational programs to adopt standards of care, promote the evidence-based practice of medicine ~~Networks shall establish standard protocols, coordinate and share patient records,~~ and develop patient information exchange systems in order to improve the quality of and access to services.

(d) Develop quality improvement programs and train network members and other health care providers in the implementation of such programs.

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262 (e) Develop disease management systems and train network  
263 members and other health care providers in the implementation of  
264 such systems.

265 (f) Promote outreach to areas with a high need for  
266 services.

267 (g) Seek to develop community care alternatives for elders  
268 who would otherwise be placed in nursing homes.

269 (h) Emphasize community care alternatives for persons with  
270 mental health and substance abuse disorders who are at risk of  
271 being admitted to an institution.

272 (i) Develop a rural health infrastructure development plan  
273 for an integrated system of care that is responsive to the unique  
274 local health care needs and the area health care services market.  
275 Each rural health infrastructure development plan must address  
276 strategies to improve access to specialty care, train health care  
277 providers to use standards of care for chronic illness, develop  
278 disease management capacity, and link to state and national  
279 quality improvement initiatives. The initial development plan  
280 must be submitted to the Office of Rural Health for review and  
281 comment no later than July 1, 2007; thereafter, the plan must be  
282 updated and submitted to the Office of Rural Health every 3  
283 years.

284 ~~(10) Networks shall develop risk management and quality~~  
285 ~~assurance programs for network providers.~~

286 (6) ~~(11)~~ NETWORK GOVERNANCE AND ORGANIZATION.--

287 (a) Networks shall be incorporated under the laws of the  
288 state.

289 (b) Each network ~~Networks~~ shall have a board of directors  
290 that derives membership from local government, health care

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291 providers, businesses, consumers, and others.

292 ~~(c) Network boards of directors shall have the~~  
293 ~~responsibility of determining the content of health care provider~~  
294 ~~agreements that link network members. The agreements shall~~  
295 ~~specify:~~

296 1. ~~Who provides what services.~~

297 2. ~~The extent to which the health care provider provides~~  
298 ~~care to persons who lack health insurance or are otherwise unable~~  
299 ~~to pay for care.~~

300 3. ~~The procedures for transfer of medical records.~~

301 4. ~~The method used for the transportation of patients~~  
302 ~~between providers.~~

303 5. ~~Referral and patient flow including appointments and~~  
304 ~~scheduling.~~

305 6. ~~Payment arrangements for the transfer or referral of~~  
306 ~~patients.~~

307 ~~(c)(d)~~ There shall be no liability on the part of, and no  
308 cause of action of any nature shall arise against, any member of  
309 a network board of directors, or its employees or agents, for any  
310 lawful action taken by them in the performance of their  
311 administrative powers and duties under this subsection.

312 ~~(7)(12)~~ NETWORK PROVIDER MEMBER SERVICES.--

313 (a) Networks, to the extent feasible, shall seek to develop  
314 services that provide for a continuum of care for all residents  
315 ~~patients~~ served by the network. Each network shall recruit  
316 members that can provide ~~include the following core services:~~  
317 ~~disease prevention, health promotion,~~ comprehensive primary care,  
318 emergency medical care, and acute inpatient care. Each network  
319 shall seek to ensure the availability of comprehensive maternity

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care, including prenatal, delivery, and postpartum care for uncomplicated pregnancies, ~~either directly, by contract, or through referral agreements.~~ Networks shall, to the extent feasible, develop local services and linkages among health care providers to ~~also~~ ensure the availability of the following services ~~within the specified timeframes, either directly, by contract, or through referral agreements:~~

~~1. Services available in the home.~~

~~1.a.~~ Home health care.

~~2.b.~~ Hospice care.

~~2. Services accessible within 30 minutes travel time or less.~~

~~3.a.~~ Emergency medical services, including advanced life support, ambulance, and basic emergency room services.

~~4.b.~~ Primary care, including

~~e.~~ prenatal and postpartum care for uncomplicated pregnancies.

~~5.d.~~ Community-based services for elders, such as adult day care and assistance with activities of daily living.

~~6.e.~~ Public health services, including communicable disease control, disease prevention, health education, and health promotion.

~~7.f.~~ Outpatient mental health ~~psychiatric~~ and substance abuse services.

~~3. Services accessible within 45 minutes travel time or less.~~

~~8.a.~~ Hospital acute inpatient care for persons whose illnesses or medical problems are not severe.

~~9.b.~~ Level I obstetrical care, which is Labor and delivery

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349 care for low-risk patients.

350 10.e. Skilled nursing services and, long-term care,  
351 including nursing home care.

352 (b) Networks shall seek to foster linkages with out-of-area  
353 services to the extent feasible to ensure the availability of:

354 d. Dialysis.

355 e. Osteopathic and chiropractic manipulative therapy.

356 4. Services accessible within 2 hours travel time or less.

357 1.a. Specialist physician care.

358 2.b. Hospital acute inpatient care for severe illnesses and  
359 medical problems.

360 3.c. Level II and III obstetrical care, which is Labor and  
361 delivery care for high-risk patients and neonatal intensive care.

362 4.d. Comprehensive medical rehabilitation.

363 5.e. Inpatient mental health ~~psychiatric~~ and substance  
364 abuse services.

365 6.f. Magnetic resonance imaging, lithotripter treatment,  
366 oncology, advanced radiology, and other technologically advanced  
367 services.

368 g. Subacute care.

369 (8) COORDINATION WITH OTHER ENTITIES.--

370 (a) Area health education centers, health planning  
371 councils, and regional education consortia are expected to  
372 participate in the rural health networks' preparation of rural  
373 health infrastructure development plans. The Department of Health  
374 may require a written memorandum of agreement between a network  
375 and an area health education center or health planning council.

376 (b) Rural health networks shall initiate activities, in  
377 coordination with area health education centers, to carry out the

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378 objectives of the adopted development plan, including continuing  
379 education for health care practitioners performing functions such  
380 as disease management, continuous quality improvement,  
381 telemedicine, distance learning, and the treatment of chronic  
382 illness using standards of care. For the purposes of this  
383 section, the term "telemedicine" means the use of  
384 telecommunications to deliver or expedite the delivery of health  
385 care services.

386 (c) Health planning councils shall support the preparation  
387 of rural health infrastructure development plans through data  
388 collection and analysis in order to assess the health status of  
389 area residents and the capacity of local health services.

390 (d) Regional education consortia that have the technology  
391 available to assist rural health networks in establishing systems  
392 for exchange of patient information and distance learning shall  
393 provide technical assistance upon the request of a rural health  
394 network.

395 ~~(b) Networks shall actively participate with area health~~  
396 ~~education center programs, whenever feasible, in developing and~~  
397 ~~implementing recruitment, training, and retention programs~~  
398 ~~directed at positively influencing the supply and distribution of~~  
399 ~~health care professionals serving in, or receiving training in,~~  
400 ~~network areas.~~

401 ~~(c) As funds become available, networks shall emphasize~~  
402 ~~community care alternatives for elders who would otherwise be~~  
403 ~~placed in nursing homes.~~

404 ~~(d) To promote the most efficient use of resources,~~  
405 ~~networks shall emphasize disease prevention, early diagnosis and~~  
406 ~~treatment of medical problems, and community care alternatives~~

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~~for persons with mental health and substance abuse disorders who are at risk to be institutionalized.~~

(e) (13) TRAUMA SERVICES.—In those network areas that ~~which~~ have an established trauma agency approved by the Department of Health, the network shall seek the participation of that trauma agency ~~must be a participant in the network~~. Trauma services provided within the network area must comply with s. 395.405.

(9) (14) NETWORK FINANCING.--

(a) Networks may use all sources of public and private funds to support network activities. ~~Nothing in this section prohibits networks from becoming managed care providers.~~

(b) The Department of Health shall establish a grant program to provide funding to support the administrative cost of operating and developing rural health networks. Rural health networks may qualify for funding provided through:

1. Network operations grants to support development of a rural health infrastructure development plan in a network service area and to support network functions identified in subsection (5).

2. Rural health infrastructure development grants to support the development of clinical and administrative infrastructure in the following priority areas:

a. Formation of joint contracting entities composed of rural physicians, rural hospitals, and other rural providers.

b. Establishing disease management programs that meet Medicaid requirements.

c. Establishing regional quality improvement programs involving physicians and hospitals consistent with state and national initiatives.

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436 d. Establishing specialty networks connecting rural primary  
437 care physicians and urban specialists.

438 e. Developing regional broadband telecommunications systems  
439 with the capacity to share patient information in a secure  
440 network.

441 f. Telemedicine and distance learning capacity.

442 ~~(15) NETWORK IMPLEMENTATION. As funds become available,~~  
443 ~~networks shall be developed and implemented in two phases.~~

444 ~~(a) Phase I shall consist of a network planning and~~  
445 ~~development grant program. Planning grants shall be used to~~  
446 ~~organize networks, incorporate network boards, and develop formal~~  
447 ~~provider agreements as provided for in this section. The~~  
448 ~~Department of Health shall develop a request for proposal process~~  
449 ~~to solicit grant applications.~~

450 ~~(b) Phase II shall consist of network operations. As funds~~  
451 ~~become available, certified networks shall be eligible to receive~~  
452 ~~grant funds to be used to help defray the costs of network~~  
453 ~~infrastructure development, patient care, and network~~  
454 ~~administration. Infrastructure development includes, but is not~~  
455 ~~limited to: recruitment and retention of primary care~~  
456 ~~practitioners; development of preventive health care programs;~~  
457 ~~linkage of urban and rural health care systems; design and~~  
458 ~~implementation of automated patient records, outcome measurement,~~  
459 ~~quality assurance, and risk management systems; establishment of~~  
460 ~~one stop service delivery sites; upgrading of medical technology~~  
461 ~~available to network providers; enhancement of emergency medical~~  
462 ~~systems; enhancement of medical transportation; and development~~  
463 ~~of telecommunication capabilities. A Phase II award may occur in~~  
464 ~~the same fiscal year as a Phase I award.~~



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~~(16) CERTIFICATION. For the purpose of certifying networks that are eligible for Phase II funding, the Department of Health shall certify networks that meet the criteria delineated in this section and the rules governing rural health networks.~~

~~(10)(17) RULES.--~~The Department of Health shall establish rules that govern the creation ~~and certification~~ of networks, the provision of grant funds, and the establishment of performance standards ~~including establishing outcome measures~~ for networks.

Section 3. Subsection (2) of section 395.602, Florida Statutes, is amended to read:

395.602 Rural hospitals.--

(2) DEFINITIONS.--As used in this part:

(a) "Critical access hospital" means a hospital that meets the definition of rural hospital in paragraph (d) and meets the requirements for reimbursement by Medicare and Medicaid under 42 C.F.R. ss. 485.601-485.647. ~~"Emergency care hospital" means a medical facility which provides:~~

~~1. Emergency medical treatment; and~~

~~2. Inpatient care to ill or injured persons prior to their transportation to another hospital or provides inpatient medical care to persons needing care for a period of up to 96 hours. The 96-hour limitation on inpatient care does not apply to respite, skilled nursing, hospice, or other nonacute care patients.~~

~~(b) "Essential access community hospital" means any facility which:~~

~~1. Has at least 100 beds;~~

~~2. Is located more than 35 miles from any other essential access community hospital, rural referral center, or urban hospital meeting criteria for classification as a regional~~

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~~referral center;~~

~~3. Is part of a network that includes rural primary care hospitals;~~

~~4. Provides emergency and medical backup services to rural primary care hospitals in its rural health network;~~

~~5. Extends staff privileges to rural primary care hospital physicians in its network; and~~

~~6. Accepts patients transferred from rural primary care hospitals in its network.~~

(b)~~(e)~~ "Inactive rural hospital bed" means a licensed acute care hospital bed, as defined in s. 395.002(14), that is inactive in that it cannot be occupied by acute care inpatients.

(c)~~(d)~~ "Rural area health education center" means an area health education center (AHEC), as authorized by Pub. L. No. 94-484, that ~~which~~ provides services in a county with a population density of no greater than 100 persons per square mile.

(d)~~(e)~~ "Rural hospital" means an acute care hospital licensed under this chapter, having 100 or fewer licensed beds and an emergency room, that ~~which~~ is:

1. The sole provider within a county with a population density of no greater than 100 persons per square mile;

2. An acute care hospital, in a county with a population density of no greater than 100 persons per square mile, that ~~which~~ is at least 30 minutes of travel time, on normally traveled roads under normal traffic conditions, from any other acute care hospital within the same county;

3. A hospital supported by a tax district or subdistrict whose boundaries encompass a population of 100 persons or fewer per square mile;

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523           4. A hospital in a constitutional charter county with a  
524 population of over 1 million persons that has imposed a local  
525 option health service tax pursuant to law and in an area that was  
526 directly impacted by a catastrophic event on August 24, 1992, for  
527 which the Governor of Florida declared a state of emergency  
528 pursuant to chapter 125, and has 120 beds or fewer ~~less~~ that  
529 serves an agricultural community with an emergency room  
530 utilization of no less than 20,000 visits and a Medicaid  
531 inpatient utilization rate greater than 15 percent;

532           5. A hospital with a service area that has a population of  
533 100 persons or fewer per square mile. As used in this  
534 subparagraph, the term "service area" means the fewest number of  
535 zip codes that account for 75 percent of the hospital's  
536 discharges for the most recent 5-year period, based on  
537 information available from the hospital inpatient discharge  
538 database in the State Center for Health Statistics at the Agency  
539 for Health Care Administration; or

540           6. A hospital designated as a critical access hospital, as  
541 defined in s. 408.07(15).  
542

543 Population densities used in this paragraph must be based upon  
544 the most recently completed United States census. A hospital that  
545 received funds under s. 409.9116 for a quarter beginning no later  
546 than July 1, 2002, is deemed to have been and shall continue to  
547 be a rural hospital from that date through June 30, 2012, if the  
548 hospital continues to have 100 or fewer licensed beds and an  
549 emergency room, or meets the criteria of subparagraph 4. An acute  
550 care hospital that has not previously been designated as a rural  
551 hospital and that meets the criteria of this paragraph shall be

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552 granted such designation upon application, including supporting  
553 documentation to the Agency for Health Care Administration.

554 ~~(e)(f)~~ "Rural primary care hospital" means any facility  
555 ~~that meeting the criteria in paragraph (e) or s. 395.605 which~~  
556 provides:

- 557 1. Twenty-four-hour emergency medical care;
- 558 2. Temporary inpatient care for periods of 96 ~~72~~ hours or  
559 less to patients requiring stabilization before discharge or  
560 transfer to another hospital. The 96-hour ~~72-hour~~ limitation does  
561 not apply to respite, skilled nursing, hospice, or other nonacute  
562 care patients; and
- 563 3. Has at least ~~no more than~~ six licensed acute care  
564 inpatient beds.

565 ~~(f)(g)~~ "Swing-bed" means a bed that ~~which~~ can be used  
566 interchangeably as either a hospital, skilled nursing facility  
567 (SNF), or intermediate care facility (ICF) bed pursuant to 42  
568 C.F.R. parts 405, 435, 440, 442, and 447.

569 Section 4. Subsection (1) of section 395.603, Florida  
570 Statutes, is amended to read:

571 395.603 Deactivation of general hospital beds; rural  
572 hospital impact statement.--

573 ~~(1) The agency shall establish, by rule, a process by which~~  
574 A rural hospital, as defined in s. 395.602, that ~~seeks licensure~~  
575 ~~as a rural primary care hospital or as an emergency care~~  
576 ~~hospital, or~~ becomes a certified rural health clinic as defined  
577 in Pub. L. No. 95-210~~7~~ or becomes a primary care program such as  
578 a county health department, community health center, or other  
579 similar outpatient program that provides preventive and curative  
580 services~~7~~, may deactivate general hospital beds. A rural critical

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581 access hospital ~~Rural primary care hospitals and emergency care~~  
582 ~~hospitals~~ shall maintain the number of actively licensed general  
583 hospital beds necessary for the facility to be certified for  
584 Medicare reimbursement. Hospitals that discontinue inpatient care  
585 to become rural health care clinics or primary care programs  
586 shall deactivate all licensed general hospital beds. All  
587 hospitals, clinics, and programs with inactive beds shall provide  
588 24-hour emergency medical care by staffing an emergency room.  
589 Providers with inactive beds shall be subject to the criteria in  
590 s. 395.1041. The agency shall specify in rule requirements for  
591 making 24-hour emergency care available. Inactive general  
592 hospital beds shall be included in the acute care bed inventory,  
593 maintained by the agency for certificate-of-need purposes, for 10  
594 years from the date of deactivation of the beds. After 10 years  
595 have elapsed, inactive beds shall be excluded from the inventory.  
596 The agency shall, at the request of the licensee, reactivate the  
597 inactive general beds upon a showing by the licensee that  
598 licensure requirements for the inactive general beds are met.

599 Section 5. Section 395.604, Florida Statutes, is amended to  
600 read:

601 395.604 ~~Other~~ Rural primary care hospitals ~~hospital~~  
602 ~~programs~~. --

603 (1) The agency may license rural primary care hospitals  
604 subject to federal approval for participation in the Medicare and  
605 Medicaid programs. Rural primary care hospitals shall be treated  
606 in the same manner as ~~emergency care hospitals and~~ rural  
607 hospitals with respect to ss. ~~395.605(2)-(8)(a)~~, 408.033(2)(b)3.7  
608 and 408.038.

609 ~~(2) The agency may designate essential access community~~

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610 ~~hospitals.~~

611 ~~(2)(3)~~ The agency may adopt licensure rules for rural  
612 primary care hospitals ~~and essential access community hospitals.~~  
613 Such rules must conform to s. 395.1055.

614 (3) For the purpose of Medicaid swing-bed reimbursement  
615 pursuant to the Medicaid program, the agency shall treat rural  
616 primary care hospitals in the same manner as rural hospitals.

617 (4) For the purpose of participation in the Medical  
618 Education Reimbursement and Loan Repayment Program as defined in  
619 s. 1009.65 or other loan repayment or incentive programs designed  
620 to relieve medical workforce shortages, the department shall  
621 treat rural primary care hospitals in the same manner as rural  
622 hospitals.

623 (5) For the purpose of coordinating primary care services  
624 described in s. 154.011(1)(c)10., the department shall treat  
625 rural primary care hospitals in the same manner as rural  
626 hospitals.

627 (6) Rural hospitals that make application under the  
628 certificate-of-need program to be licensed as rural primary care  
629 hospitals shall receive expedited review as defined in s.  
630 408.032. Rural primary care hospitals seeking relicensure as  
631 acute care general hospitals shall also receive expedited review.

632 (7) Rural primary care hospitals are exempt from  
633 certificate-of-need requirements for home health and hospice  
634 services and for swing beds in a number that does not exceed one-  
635 half of the facility's licensed beds.

636 (8) Rural primary care hospitals shall have agreements with  
637 other hospitals, skilled nursing facilities, home health  
638 agencies, and providers of diagnostic-imaging and laboratory

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services that are not provided on site but are needed by patients.

~~(4) The department may seek federal recognition of emergency care hospitals authorized by s. 395.605 under the essential access community hospital program authorized by the Omnibus Budget Reconciliation Act of 1989.~~

Section 6. Section 395.6061, Florida Statutes, is amended to read:

395.6061 Rural hospital capital improvement.--There is established a rural hospital capital improvement grant program.

(1)(a) The purpose of the rural hospital capital improvement grant program is to support management improvement and capitalization to:

1. Develop needed infrastructure to ensure continued access to health care in rural areas.

2. Require professional standards in the operation and management of rural hospitals.

(b) The rural hospital capital improvement grant program includes technical assistance and grants managed by the agency.

(2)(1) A rural hospital as defined in s. 395.602 may apply to the agency department for a capital improvement grant to acquire, repair, improve, or upgrade systems, facilities, or equipment. The grant application must provide information that includes:

(a) A statement indicating the problem the rural hospital proposes to solve with the grant funds.†

(b) The strategy proposed to resolve the problem.†

(c) The organizational structure, financial system, and facilities that are essential to the proposed solution.†

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668 (d) The projected longevity of the proposed solution after  
669 the grant funds are expended.+

670 ~~(e) Evidence of participation in a rural health network as~~  
671 ~~defined in s. 381.0406.~~

672 (e)~~(f)~~ Evidence that the rural hospital has difficulty in  
673 obtaining funding or that funds available for the proposed  
674 solution are inadequate.+

675 (f)~~(g)~~ Evidence that the grant funds will assist in  
676 maintaining or returning the hospital to an economically stable  
677 condition or enable the transition to the status of rural primary  
678 care hospital or that any plan for closure of the hospital or  
679 realignment of services will involve development of innovative  
680 alternatives for the provision of needed ~~discontinued~~ services.+

681 (g)~~(h)~~ Evidence of a satisfactory record-keeping system to  
682 account for grant fund expenditures within the rural county.+

683 (h)~~(i)~~ ~~A rural health network plan that includes a~~  
684 ~~description of how the plan was developed, the goals of the plan,~~  
685 ~~the links with existing health care providers under the plan,~~  
686 Indicators quantifying the hospital's financial status ~~well-~~  
687 ~~being,~~ measurable outcome targets, and the current physical and  
688 operational condition of the hospital.

689 ~~(2) Each rural hospital as defined in s. 395.602 shall~~  
690 ~~receive a minimum of \$100,000 annually, subject to legislative~~  
691 ~~appropriation, upon application to the Department of Health, for~~  
692 ~~projects to acquire, repair, improve, or upgrade systems,~~  
693 ~~facilities, or equipment.~~

694 (3) ~~Any remaining funds shall annually be disbursed to~~  
695 ~~rural hospitals in accordance with this section.~~ The agency  
696 Department of Health shall establish, by rule, criteria for



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697 awarding grants ~~for any remaining funds~~, which must be used  
698 exclusively for the support and assistance of rural hospitals as  
699 defined in s. 395.602, including criteria relating to the level  
700 of charity uncompensated care rendered by the hospital, the  
701 financial status of the hospital, the performance standards of  
702 the hospital ~~the participation in a rural health network as~~  
703 ~~defined in s. 381.0406~~, and the proposed use of the grant by the  
704 rural hospital to resolve a specific problem. The agency  
705 ~~department~~ must consider any information submitted in an  
706 application for the grants in accordance with subsection (2) ~~(1)~~  
707 in determining eligibility for and the amount of the grant, ~~and~~  
708 ~~none of the individual items of information by itself may be used~~  
709 ~~to deny grant eligibility.~~

710 (4) The agency ~~department~~ shall ensure that the funds are  
711 used solely for the purposes specified in this section. The total  
712 grants awarded pursuant to this section shall not exceed the  
713 amount appropriated for this program.

714 Section 7. Section 395.6063, Florida Statutes, is created  
715 to read:

716 395.6063 Assistance program for financially distressed  
717 rural and critical access hospitals.--There is established within  
718 the Agency for Health Care Administration an assistance program  
719 for financially distressed rural and critical access hospitals.  
720 The purpose of the assistance program is to provide planning,  
721 management, and limited financial support to financially  
722 distressed rural hospitals as defined in s. 395.602 and critical  
723 access hospitals as defined in s. 408.07(15) that have an annual  
724 occupancy rate of less than 30 percent.

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725       (1) To receive assistance under this section, a financially  
726 distressed hospital must participate in a rural health network.  
727 The request for assistance must provide information that  
728 includes:

729       (a) A statement indicating the problem the hospital is  
730 proposing to resolve with the grant funds.

731       (b) A statement of support from the board of directors of  
732 the hospital, the county commission, and the city commission.

733       (c) Evidence that the rural hospital and the community have  
734 difficulty obtaining funding or that funds available for the  
735 proposed solution are inadequate.

736       (2) The agency shall establish by rule pursuant to ss.  
737 120.536(1) and 120.54 criteria for awarding assistance which must  
738 be used exclusively for the support and assistance of a  
739 financially distressed hospital.

740       (3) The financially distressed hospital receiving  
741 assistance shall agree to be bound by the terms of a  
742 participation agreement, which may include:

743       (a) The appointment of a health care expert under contract  
744 with the agency to analyze and monitor the hospital operations  
745 during the period of distress.

746       (b) The establishment of minimum standards for the  
747 education and experience of the managers and administrators of  
748 the hospital.

749       (c) The oversight and monitoring of a strategic plan to  
750 restore the hospital to an economically stable condition or  
751 transition to an alternative means to provide services.

752       (d) The establishment of a board orientation and  
753 development program.

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754 (e) The approval of any facility relocation plans.

755 (4) The agency shall ensure that the funds are used solely  
756 for the purposes specified in this section. The total grants  
757 awarded pursuant to this section shall not exceed the amount  
758 appropriated for this program.

759 Section 8. Subsection (9) of section 408.05, Florida  
760 Statutes, is renumbered as subsection (10) and amended, and a new  
761 subsection (9) is added to that section, to read:

762 408.05 State Center for Health Statistics.--

763 (9) RURAL PROVIDER SERVICE NETWORK DEVELOPMENT PROGRAM.--

764 (a) There is established within the State Center for Health  
765 Statistics the Rural Provider Service Network Development Program  
766 to support the implementation of provider service networks in  
767 rural counties of the state. The purpose of the program is to  
768 assist in the establishment of the infrastructure needed for  
769 Medicaid reform relating to prepaid and at-risk reimbursement  
770 plans to improve access to quality health care in rural areas.

771 (b) The responsibilities of the program are to:

772 1. Administer the rural hospital capital improvement grant  
773 program established under s. 395.6061.

774 2. Administer the assistance program for financially  
775 distressed rural and critical access hospitals established under  
776 s. 395.6063.

777 3. Administer the rural provider service network  
778 development grant program established in paragraph (c).

779 4. Carry out a study to identify barriers and options for  
780 developing provider service networks in rural counties of the  
781 state and make recommendations to the Legislature by February 1,  
782 2007. The study shall include issues related to capitation rates,

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783 financing of provider service networks, contracting with  
784 administrative service organizations, and support for and  
785 alternatives to rural hospitals.

786 (c) There is established a rural provider service network  
787 development grant program. The agency is authorized to provide  
788 funding through a grant program to entities seeking to establish  
789 rural provider service networks that have demonstrated interest  
790 and experience organizing rural health care providers for this  
791 purpose.

792 (d) Entities eligible for rural provider service network  
793 development grants must meet the following criteria:

794 1. Have a written agreement signed by prospective members,  
795 45 percent of whom must be providers in the targeted service  
796 area.

797 2. Include all rural hospitals, at least one federally  
798 qualified health center, and one county health department located  
799 in the service area.

800 3. Have a defined service area, 80 percent of which  
801 consists of rural counties.

802 (e) Each applicant for this funding shall provide the  
803 agency with a detailed written proposal that includes, at a  
804 minimum, a statement of need; a defined purpose; identification  
805 and explanation of the role of prospective partners; a signed  
806 memorandum of agreement or similar document attesting to the role  
807 of prospective partners; documented actions related to provider  
808 service network development; measurable objectives for the  
809 development of clinical and administrative infrastructure; a  
810 process of evaluation; and a process for developing a business  
811 plan and securing additional funding.

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812        (f) The agency is authorized to grant preferential funding  
813 to a rural provider service network based on the number of rural  
814 counties within the network's proposed service area that are  
815 Medically Underserved Areas or Health Professional Shortage Areas  
816 as defined by the Health Resources Services Administration,  
817 Office of Rural Health Policy, and based on whether the provider  
818 service network has a principal place of business located in a  
819 rural county in the state.

820        (g) The agency shall establish by rule pursuant to ss.  
821 120.536(1) and 120.54 criteria for awarding assistance for the  
822 development of rural provider service networks and for other  
823 responsibilities provided in this subsection.

824        (10) ~~(9)~~ APPLICABILITY.--Nothing in this section shall  
825 limit, restrict, affect, or control the collection, analysis,  
826 release, or publication of data by any state agency pursuant to  
827 its statutory authority, duties, or responsibilities.

828        Section 9. Subsection (43) of section 408.07, Florida  
829 Statutes, is amended to read:

830        408.07 Definitions.--As used in this chapter, with the  
831 exception of ss. 408.031-408.045, the term:

832        (43) "Rural hospital" means an acute care hospital licensed  
833 under chapter 395, having 100 or fewer licensed beds and an  
834 emergency room, and which is:

835        (a) The sole provider within a county with a population  
836 density of no greater than 100 persons per square mile;

837        (b) An acute care hospital, in a county with a population  
838 density of no greater than 100 persons per square mile, which is  
839 at least 30 minutes of travel time, on normally traveled roads

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under normal traffic conditions, from another acute care hospital within the same county;

(c) A hospital supported by a tax district or subdistrict whose boundaries encompass a population of 100 persons or fewer per square mile;

(d) A hospital with a service area that has a population of 100 persons or fewer per square mile. As used in this paragraph, the term "service area" means the fewest number of zip codes that account for 75 percent of the hospital's discharges for the most recent 5-year period, based on information available from the hospital inpatient discharge database in the State Center for Health Statistics at the Agency for Health Care Administration; or

(e) A critical access hospital.

Population densities used in this subsection must be based upon the most recently completed United States census. A hospital that received funds under s. 409.9116 for a quarter beginning no later than July 1, 2002, is deemed to have been and shall continue to be a rural hospital from that date through June 30, 2012, if the hospital continues to have 100 or fewer licensed beds and an emergency room, or meets the criteria of s. 395.602(2) (d) ~~(e)~~4. An acute care hospital that has not previously been designated as a rural hospital and that meets the criteria of this subsection shall be granted such designation upon application, including supporting documentation, to the Agency for Health Care Administration.

Section 10. Subsection (12) of section 409.908, Florida Statutes, is amended to read:

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869           409.908 Reimbursement of Medicaid providers.--Subject to  
870 specific appropriations, the agency shall reimburse Medicaid  
871 providers, in accordance with state and federal law, according to  
872 methodologies set forth in the rules of the agency and in policy  
873 manuals and handbooks incorporated by reference therein. These  
874 methodologies may include fee schedules, reimbursement methods  
875 based on cost reporting, negotiated fees, competitive bidding  
876 pursuant to s. 287.057, and other mechanisms the agency considers  
877 efficient and effective for purchasing services or goods on  
878 behalf of recipients. If a provider is reimbursed based on cost  
879 reporting and submits a cost report late and that cost report  
880 would have been used to set a lower reimbursement rate for a rate  
881 semester, then the provider's rate for that semester shall be  
882 retroactively calculated using the new cost report, and full  
883 payment at the recalculated rate shall be effected retroactively.  
884 Medicare-granted extensions for filing cost reports, if  
885 applicable, shall also apply to Medicaid cost reports. Payment  
886 for Medicaid compensable services made on behalf of Medicaid  
887 eligible persons is subject to the availability of moneys and any  
888 limitations or directions provided for in the General  
889 Appropriations Act or chapter 216. Further, nothing in this  
890 section shall be construed to prevent or limit the agency from  
891 adjusting fees, reimbursement rates, lengths of stay, number of  
892 visits, or number of services, or making any other adjustments  
893 necessary to comply with the availability of moneys and any  
894 limitations or directions provided for in the General  
895 Appropriations Act, provided the adjustment is consistent with  
896 legislative intent.

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897 (12)(a) A physician shall be reimbursed the lesser of the  
898 amount billed by the provider or the Medicaid maximum allowable  
899 fee established by the agency.

900 (b) The agency shall adopt a fee schedule, subject to any  
901 limitations or directions provided for in the General  
902 Appropriations Act, based on a resource-based relative value  
903 scale for pricing Medicaid physician services. Under this fee  
904 schedule, physicians shall be paid a dollar amount for each  
905 service based on the average resources required to provide the  
906 service, including, but not limited to, estimates of average  
907 physician time and effort, practice expense, and the costs of  
908 professional liability insurance. The fee schedule shall provide  
909 increased reimbursement for preventive and primary care services  
910 and lowered reimbursement for specialty services by using at  
911 least two conversion factors, one for cognitive services and  
912 another for procedural services. The fee schedule shall not  
913 increase total Medicaid physician expenditures unless moneys are  
914 available, ~~and shall be phased in over a 2-year period beginning~~  
915 ~~on July 1, 1994.~~ The Agency for Health Care Administration shall  
916 seek the advice of a 16-member advisory panel in formulating and  
917 adopting the fee schedule. The panel shall consist of Medicaid  
918 physicians licensed under chapters 458 and 459 and shall be  
919 composed of 50 percent primary care physicians and 50 percent  
920 specialty care physicians.

921 (c) Notwithstanding paragraph (b), reimbursement fees to  
922 physicians for providing total obstetrical services to Medicaid  
923 recipients, which include prenatal, delivery, and postpartum  
924 care, shall be at least \$1,500 per delivery for a pregnant woman  
925 with low medical risk and at least \$2,000 per delivery for a



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pregnant woman with high medical risk. However, reimbursement to physicians working in Regional Perinatal Intensive Care Centers designated pursuant to chapter 383, for services to certain pregnant Medicaid recipients with a high medical risk, may be made according to obstetrical care and neonatal care groupings and rates established by the agency. Nurse midwives licensed under part I of chapter 464 or midwives licensed under chapter 467 shall be reimbursed at no less than 80 percent of the low medical risk fee. The agency shall by rule determine, for the purpose of this paragraph, what constitutes a high or low medical risk pregnant woman and shall not pay more based solely on the fact that a caesarean section was performed, rather than a vaginal delivery. The agency shall by rule determine a prorated payment for obstetrical services in cases where only part of the total prenatal, delivery, or postpartum care was performed. The Department of Health shall adopt rules for appropriate insurance coverage for midwives licensed under chapter 467. Prior to the issuance and renewal of an active license, or reactivation of an inactive license for midwives licensed under chapter 467, such licensees shall submit proof of coverage with each application.

(d) Notwithstanding other provisions of this subsection, the agency shall pay physicians licensed under chapter 458 or chapter 459 who have a provider agreement with a rural health network as established in s. 381.0406 a 10-percent bonus over the Medicaid physician fee schedule for any physician service provided within the geographic boundary of a county defined as a rural county by the most recent United States Census.

Section 11. Subsection (6) of section 409.9116, Florida Statutes, is amended to read:

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409.9116 Disproportionate share/financial assistance program for rural hospitals.--In addition to the payments made under s. 409.911, the Agency for Health Care Administration shall administer a federally matched disproportionate share program and a state-funded financial assistance program for statutory rural hospitals. The agency shall make disproportionate share payments to statutory rural hospitals that qualify for such payments and financial assistance payments to statutory rural hospitals that do not qualify for disproportionate share payments. The disproportionate share program payments shall be limited by and conform with federal requirements. Funds shall be distributed quarterly in each fiscal year for which an appropriation is made. Notwithstanding the provisions of s. 409.915, counties are exempt from contributing toward the cost of this special reimbursement for hospitals serving a disproportionate share of low-income patients.

(6) This section applies only to hospitals that were defined as statutory rural hospitals, or their successor-in-interest hospital, prior to January 1, 2001. Any additional hospital that is defined as a statutory rural hospital, or its successor-in-interest hospital, on or after January 1, 2001, is not eligible for programs under this section unless additional funds are appropriated each fiscal year specifically to the rural hospital disproportionate share and financial assistance programs in an amount necessary to prevent any hospital, or its successor-in-interest hospital, eligible for the programs prior to January 1, 2001, from incurring a reduction in payments because of the eligibility of an additional hospital to participate in the programs. A hospital, or its successor-in-interest hospital,

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which received funds pursuant to this section before January 1, 2001, and which qualifies under s. 395.602(2) (d) ~~(e)~~, shall be included in the programs under this section and is not required to seek additional appropriations under this subsection.

Section 12. Paragraph (b) of subsection (2) of section 1009.65, Florida Statutes, is amended to read:

1009.65 Medical Education Reimbursement and Loan Repayment Program.--

(2) From the funds available, the Department of Health shall make payments to selected medical professionals as follows:

(b) All payments shall be contingent on continued proof of primary care practice in an area defined in s. 395.602(2) (d) ~~(e)~~, or an underserved area designated by the Department of Health, provided the practitioner accepts Medicaid reimbursement if eligible for such reimbursement. Correctional facilities, state hospitals, and other state institutions that employ medical personnel shall be designated by the Department of Health as underserved locations. Locations with high incidences of infant mortality, high morbidity, or low Medicaid participation by health care professionals may be designated as underserved.

Section 13. Section 395.605, Florida Statutes, is repealed.

Section 14. This act shall take effect July 1, 2006.